

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA

INDEPENDENT AUDITORS' REPORTS
FINANCIAL STATEMENTS
SUPPLEMENTARY INFORMATION
AND SCHEDULE OF FINDINGS

JUNE 30, 2021 AND 2020

PLAINS AREA MENTAL HEALTH, INC
LE MARS, IOWA
JUNE 30, 2021

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PLAINS AREA MENTAL HEALTH, INC
LE MARS, IOWA
JUNE 30, 2021

BOARD OF DIRECTORS

<u>NAME</u>	<u>TITLE</u>	<u>TERM EXPIRES</u>
Jeffrey Hayes	Chair	September 2023
Bill Anderson	Vice-Chair	October 2021
Daryl Friedenbach	Treasurer	September 2022
Jan Brown	Secretary	November 2021
Zena Olerich	Member	September 2022
Sharon Arndt-Nelson	Member	September 2022
Leah Fineran	Member	September 2022
Andrew Quandt	Member	March 2023
Kim Keleher	President / Chief Executive Officer	Indefinite

COUNTY BOARD LIAISONS

Wane Miller	Cherokee County Supervisor
Don Kass	Plymouth County Supervisor
Paul Merten	Buena Vista County Supervisor
Creston Schubert	Ida County Supervisor

BURKHARDT & DAWSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Plains Area Mental Health, Inc.

We have audited the accompanying financial statements of Plains Area Mental Health, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Plains Area Mental Health, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

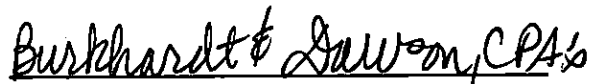
Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Fees and Grants from Governmental Agencies on page 22 and the schedule of expenditures of federal awards on page 23, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of Plains Area Mental Health, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Plains Area Mental Health, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plains Area Mental Health, Inc.'s internal control over financial reporting and compliance.

BURKHARDT & DAWSON, CPA's



Certified Public Accountants

Cherokee, Iowa
November 16, 2021

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021		
	General	Land, Building and	Total
	Fund	Equipment	
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 1,615,071	\$ -	\$ 1,615,071
Accounts Receivable (Net of Allowances for Doubtful Accounts and Rate Adjustments of \$430,700 and \$426,100, Respectively)	833,071	-	833,071
Other Receivables	220,049	-	220,049
Grant Receivables	393,204	-	393,204
Prepaid Expenses	64,800	-	64,800
TOTAL CURRENT ASSETS	<u>\$ 3,126,195</u>	<u>\$ -</u>	<u>\$ 3,126,195</u>
PROPERTY AND EQUIPMENT:			
Land	\$ -	\$ 37,500	\$ 37,500
Buildings and Improvements	-	756,684	756,684
Equipment and Furniture	-	1,624,498	1,624,498
Construction in Progress	-	46,235	46,235
Leasehold Improvements	-	108,208	108,208
TOTAL	<u>\$ -</u>	<u>\$ 2,573,125</u>	<u>\$ 2,573,125</u>
LESS - Accumulated Depreciation	-	(1,026,833)	(1,026,833)
NET PROPERTY AND EQUIPMENT	<u>\$ -</u>	<u>\$ 1,546,292</u>	<u>\$ 1,546,292</u>
OTHER ASSETS:			
Prepaid Security Deposit	\$ 4,600	\$ -	\$ 4,600
Investments	6,319	-	6,319
TOTAL OTHER ASSETS	<u>\$ 10,919</u>	<u>\$ -</u>	<u>\$ 10,919</u>
TOTAL ASSETS	<u>\$ 3,137,114</u>	<u>\$ 1,546,292</u>	<u>\$ 4,683,406</u>

See accompanying notes to financial statements

2020		
General	Land, Building and	
Fund	Equipment	Total
\$ 1,641,839	\$ -	\$ 1,641,839
936,800	-	936,800
54,965	-	54,965
97,468	-	97,468
3,884	-	3,884
<u>\$ 2,734,956</u>	<u>\$ -</u>	<u>\$ 2,734,956</u>
\$ -	\$ 37,500	\$ 37,500
-	715,844	715,844
-	1,314,588	1,314,588
-	-	-
-	69,428	69,428
<u>\$ -</u>	<u>\$ 2,137,360</u>	<u>\$ 2,137,360</u>
-	(788,956)	(788,956)
<u>\$ -</u>	<u>\$ 1,348,404</u>	<u>\$ 1,348,404</u>
\$ 4,600	\$ -	\$ 4,600
4,154	-	4,154
<u>\$ 8,754</u>	<u>\$ -</u>	<u>\$ 8,754</u>
<u>\$ 2,743,710</u>	<u>\$ 1,348,404</u>	<u>\$ 4,092,114</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

LIABILITIES AND NET ASSETS

	2021		
	General	Land, Building and	Total
	Fund	Equipment	
CURRENT LIABILITIES:			
Accounts Payable	\$ 75,290	\$ -	\$ 75,290
Accounts Payable - Regions	54,575	-	54,575
Deferred Revenue	990	-	990
Accrued Salaries	355,770	-	355,770
Payroll Taxes Payable	27,562	-	27,562
Accrued Pension Payable	2,488	-	2,488
Customer Deposits	5,107	-	5,107
Current Maturities of Long Term Debt	-	41,256	41,256
TOTAL CURRENT LIABILITIES	<u>\$ 521,782</u>	<u>\$ 41,256</u>	<u>\$ 563,038</u>
LONG TERM DEBT:			
Notes Payable	\$ -	\$ 240,678	\$ 240,678
LESS - Current Maturities	-	(41,256)	(41,256)
TOTAL LONG TERM DEBT	<u>\$ -</u>	<u>\$ 199,422</u>	<u>\$ 199,422</u>
TOTAL LIABILITIES	<u>\$ 521,782</u>	<u>\$ 240,678</u>	<u>\$ 762,460</u>
NET ASSETS:			
Net Assets Without Donor Restrictions:			
Available for Operations	<u>\$ 2,615,332</u>	<u>\$ 1,305,614</u>	<u>\$ 3,920,946</u>
TOTAL NET ASSETS	<u>\$ 2,615,332</u>	<u>\$ 1,305,614</u>	<u>\$ 3,920,946</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,137,114</u>	<u>\$ 1,546,292</u>	<u>\$ 4,683,406</u>

See accompanying notes to financial statements

2020		
General	Land, Building and	
Fund	Equipment	Total
\$ 176,524	\$ -	\$ 176,524
38,869	-	38,869
210,429	-	210,429
502,945	-	502,945
39,702	-	39,702
7,700	-	7,700
11,288	-	11,288
521,860	64,593	586,453
<u>\$ 1,509,317</u>	<u>\$ 64,593</u>	<u>\$ 1,573,910</u>
\$ 1,182,200	\$ 348,975	\$ 1,531,175
(521,860)	(64,593)	(586,453)
<u>\$ 660,340</u>	<u>\$ 284,382</u>	<u>\$ 944,722</u>
<u>\$ 2,169,657</u>	<u>\$ 348,975</u>	<u>\$ 2,518,632</u>
\$ 574,053	\$ 999,429	\$ 1,573,482
\$ 574,053	\$ 999,429	\$ 1,573,482
<u>\$ 2,743,710</u>	<u>\$ 1,348,404</u>	<u>\$ 4,092,114</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Land, Building and		
	General Fund	Equipment	Total
PUBLIC SUPPORT AND REVENUES:			
Public Support:			
Contributions	\$ 4,608	\$ -	\$ 4,608
Fees and Grants from Governmental Agencies	4,221,533	-	4,221,533
Outpatient and Community Services	7,245,834	-	7,245,834
Consultant Fees	126,030	-	126,030
Revenues:			
Rental Income	49,640	-	49,640
Investment/Dividend Income	1,898	-	1,898
Recovery of Bad Debts	21,248	-	21,248
PPP Forgiveable Loan	1,182,200	-	1,182,200
Miscellaneous Income	6,437	-	6,437
Unrealized Gain (Loss) on Investments	2,165	-	2,165
TOTAL PUBLIC SUPPORT AND REVENUES	\$ 12,861,593	\$ -	\$ 12,861,593
EXPENSES:			
Program Services:			
Outpatient and Community Support Services	\$ 7,928,546	\$ -	\$ 7,928,546
Supporting Services:			
Management and General	2,347,706	237,877	2,585,583
TOTAL EXPENSES	\$ 10,276,252	\$ 237,877	\$ 10,514,129
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE ACQUISITIONS	\$ 2,585,341	\$ (237,877)	\$ 2,347,464
OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Property and Equipment Acquisitions	\$ (435,765)	\$ 435,765	\$ -
Notes Given Less Payments Made	(108,297)	108,297	-
TOTAL OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (544,062)	\$ 544,062	\$ -
TOTAL CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ 2,041,279	\$ 306,185	\$ 2,347,464
NET ASSETS - BEGINNING OF YEAR	574,053	999,429	1,573,482
NET ASSETS - END OF YEAR	\$ 2,615,332	\$ 1,305,614	\$ 3,920,946

See accompanying notes to financial statements

2020		
General	Land, Building and	
Fund	Equipment	Total
\$ 3,714	\$ -	\$ 3,714
2,091,086	-	2,091,086
6,493,568	-	6,493,568
86,376	-	86,376
49,083	-	49,083
7,422	-	7,422
13,496	-	13,496
-	-	-
23,475	-	23,475
(1,638)	-	(1,638)
<u>\$ 8,766,582</u>	<u>\$ -</u>	<u>\$ 8,766,582</u>
\$ 6,887,631	\$ -	\$ 6,887,631
<u>2,081,944</u>	<u>134,251</u>	<u>2,216,195</u>
<u>\$ 8,969,575</u>	<u>\$ 134,251</u>	<u>\$ 9,103,826</u>
<u>\$ (202,993)</u>	<u>\$ (134,251)</u>	<u>\$ (337,244)</u>
\$ (478,140)	\$ 478,140	\$ -
<u>73,359</u>	<u>(73,359)</u>	<u>-</u>
<u>\$ (404,781)</u>	<u>\$ 404,781</u>	<u>\$ -</u>
\$ (607,774)	\$ 270,530	\$ (337,244)
<u>1,181,827</u>	<u>728,899</u>	<u>1,910,726</u>
<u>\$ 574,053</u>	<u>\$ 999,429</u>	<u>\$ 1,573,482</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		
	Program Services	Supporting Services	
	Outpatient and Community Support Services	Management and General	Total
Salaries and Wages	\$ 5,301,614	\$ 1,325,403	\$ 6,627,017
Employee Benefits and Payroll Taxes	1,118,945	279,736	1,398,681
Employee Travel and Transportation	71,943	-	71,943
TOTAL SALARIES AND RELATED EXPENSES	\$ 6,492,502	\$ 1,605,139	\$ 8,097,641
Contracted Services	144,195	-	144,195
Professional Development	35,465	3,210	38,675
Supplies, Books and Literature	81,863	1,235	83,098
Telephone	156,646	-	156,646
Postage	22,692	-	22,692
Repairs and Maintenance	-	86,387	86,387
Rent	-	253,643	253,643
Conferences, Conventions and Meetings	6,486	8,478	14,964
Membership Dues and Subscriptions	2,231	105,695	107,926
Insurance	22,802	37,202	60,004
Advertising and Recruitment	114,980	30,207	145,187
Professional Services:			
Accounting and Legal	-	26,677	26,677
IT Services	367,530	59,830	427,360
Outsourced Payroll Services	204,895	51,224	256,119
Other Services	141,683	23,065	164,748
Bad Debts	125,295	-	125,295
Utilities	-	43,526	43,526
Interest	-	11,636	11,636
Miscellaneous	9,281	552	9,833
TOTAL EXPENSES BEFORE DEPRECIATION	\$ 7,928,546	\$ 2,347,706	\$ 10,276,252
Depreciation	-	237,877	237,877
TOTAL EXPENSES	\$ 7,928,546	\$ 2,585,583	\$ 10,514,129

See accompanying notes to financial statements

2020		
Program Services	Supporting Services	
Outpatient and Community Support Services	Management and General	Total
\$ 4,634,418	\$ 1,158,604	\$ 5,793,022
1,000,274	250,068	1,250,342
122,577	-	122,577
\$ 5,757,269	\$ 1,408,672	\$ 7,165,941
138,463	4,312	142,775
25,619	519	26,138
63,448	1,705	65,153
96,529	-	96,529
21,195	-	21,195
1,981	70,736	72,717
-	253,854	253,854
4,947	14,350	19,297
4,294	92,854	97,148
20,777	33,898	54,675
68,049	27,929	95,978
-	26,129	26,129
221,869	36,118	257,987
174,781	43,695	218,476
63,607	10,355	73,962
218,288	-	218,288
-	43,398	43,398
-	13,171	13,171
6,515	249	6,764
\$ 6,887,631	\$ 2,081,944	\$ 8,969,575
-	134,251	134,251
<u>\$ 6,887,631</u>	<u>\$ 2,216,195</u>	<u>\$ 9,103,826</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets from Operations	\$ 2,347,464	\$ (337,244)
Adjustments to Reconcile Changes in Net Assets from Operations to		
Net Cash Provided by Operating Activities:		
Depreciation	237,877	134,251
Unrealized (Gain) Loss on Investments	(2,165)	1,638
(Increase) Decrease in:		
Accounts Receivable	103,729	(280,374)
Other Receivables	(165,084)	94,273
Grant Receivables	(295,736)	(48,187)
Prepaid Expenses	(60,916)	24,583
Increase (Decrease) in:		
Accounts Payable	(101,234)	127,024
Accounts Payable - Regions	15,706	(78,817)
Deferred Revenue	(209,439)	210,429
Accrued Salaries	(147,175)	131,862
Payroll Taxes Payable	(12,140)	10,492
Accrued Pension Payable	(5,212)	2,039
Customer Deposits	(6,181)	(3,882)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,699,494</u>	<u>\$ (11,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Property and Equipment	<u>\$ (435,765)</u>	<u>\$ (364,382)</u>
NET CASH (USED) BY INVESTING ACTIVITIES	<u>\$ (435,765)</u>	<u>\$ (364,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Note Proceeds - Long Term	\$ -	\$ 1,182,200
Note Repayments - Long Term	<u>(1,290,497)</u>	<u>(40,399)</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>\$ (1,290,497)</u>	<u>\$ 1,141,801</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (26,768)	\$ 765,506
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,641,839</u>	<u>876,333</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,615,071</u>	<u>\$ 1,641,839</u>

See accompanying notes to financial statements

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest Paid	<u>\$ 11,636</u>	<u>\$ 13,171</u>
NONCASH INVESTING TRANSACTIONS:		
Cost of Property and Equipment	\$ 435,765	\$ 478,140
LESS - Loans Given	<u>-</u>	<u>(113,758)</u>
Cash Paid for Property and Equipment	<u>\$ 435,765</u>	<u>\$ 364,382</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

REPORTING ENTITY – Plains Area Mental Health, Inc. is a nonprofit corporation established to provide a comprehensive community mental health program for the diagnosis and treatment of psychiatric and psychological disorders and to promote the prevention of mental illness. Services are provided to residents of Northwest Iowa.

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provide tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes.

The Organization's financial statements are prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Financial Accounting Standards Board for nonprofit corporations.

DATE OF MANAGEMENT'S REVIEW – Management has evaluated subsequent events through November 16, 2021, the date which the financial statements were available to be issued.

FUND ACCOUNTING – The accounts of the Organization are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, net assets, revenues and expenses. The various funds are summarized as follows in the financial statements:

General Fund – This fund accounts for all resources over which the Organization has discretionary control to use in carrying on the operations of the Organization in accordance with the limitations of its charter and bylaws, except for amounts invested in land, buildings and equipment which may be accounted for in a separate fund.

The Organization's Board may designate portions of the Unrestricted Fund for specific purposes, projects or investment as an aid in the planning of expenses and the conservation of assets. The Organization maintains separate accounts for any designations within the Unrestricted Fund and segregates the designated and undesignated portions of the fund within the net assets section of the Statements of Financial Position.

Land, Building and Equipment Fund – This fund is used to accumulate the net investment in capital assets and to account for the unexpended resources

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

contributed specifically for the purpose of acquiring or replacing land, buildings or equipment for use in the operations of the Organization.

BASIS OF ACCOUNTING – Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

Purchases of property and equipment providing future benefits are directly charged against the Unrestricted Fund balance and capitalized in the Land, Building and Equipment Fund.

BASIS OF PRESENTATION – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations. The donor restricted net assets account for all resources restricted by outside sources which can only be utilized in accordance with the purposes established by the sources of the funds. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

FUNCTIONAL EXPENSES – The Organization reports the direct costs of program services separately in the statement of functional expenses. Supporting services are all other general occupancy expenses including overhead.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

USE OF ESTIMATES – The Organization uses estimates in preparing these financial statements in conformity with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – The Organization considers cash on hand, savings accounts and all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash on Hand	\$ 12,982	\$ 10,301
Petty Cash	365	365
Checking Accounts	98,937	99,033
Savings Accounts	<u>1,502,787</u>	<u>1,532,140</u>
	<u>\$ 1,615,071</u>	<u>\$ 1,641,839</u>

RECEIVABLES – Receivables are shown at the amount expected to be collected after determining the allowances for rate adjustments and for doubtful accounts based on an aging of all the individual patient balances.

CHARITY CARE – The Organization provides care to patients who meet certain criteria under its scholarship policy at amounts less than its established rates. Revenue from services to these patients is automatically recorded in the accounting system at the established rates. The adjustments are recorded as adjustments to patient service scholarship revenue at the time of the service.

THIRD-PARTY PAYOR ARRANGEMENTS – Plains Area Mental Health, Inc. accepts Medicare covered clients and receives payments based on rates established by them. The Organization accepts Medicaid covered clients, and the State of Iowa Medicaid program has a managed care payment system with established rates. The Organization also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations.

NET PATIENT SERVICES REVENUE – Patient services revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
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The FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which the Organization adopted during fiscal year 2021. This guidance outlines a single comprehensive model for accounting for revenue from contracts with customers. The timing of the revenue recognition was not affected by the new standard.

BAD DEBTS & ALLOWANCE FOR RATE ADJUSTMENTS – The Organization uses the allowance method for recognition of bad debts. Under the allowance method, uncollectible accounts are charged against the allowance for doubtful accounts. The allowance for doubtful accounts and rate adjustments is \$430,700 and \$426,100 at June 30, 2021 and 2020, respectively.

PROPERTY AND EQUIPMENT – Property and equipment is stated at cost. Expenditures for additions and betterments in excess of \$1,000 are capitalized while expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or sold and the related accumulated depreciation are eliminated from the accounts in the year of disposal, with the resulting gain or loss credited or charged to operations. Depreciation is computed using the straight-line method over the estimated useful lives of 3 to 40 years. No interest costs were capitalized since there were no qualifying assets.

INVESTMENTS – Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statements of Financial Position. Unrealized gains and losses are included in the Statements of Activities. Unrealized gain (loss) on marketable securities not previously recognized were \$2,165 and \$(1,638) for the years ended June 30, 2021 and 2020, respectively.

COMPENSATED ABSENCES – Organization employees accumulate a limited amount of earned but unused PTO (paid time off) benefits payable to employees. Amounts representing the cost of accumulated compensated absences are recorded as liabilities and have been computed based on rates of pay in effect at June 30, 2021 and 2020, respectively. Total accumulated compensated absences are \$273,504 and \$243,584 for the years ended June 30, 2021 and 2020, respectively.

DONATED MATERIALS – Donated materials are recognized as contributions and valued at fair market value at receipt.

CONTRIBUTIONS – Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

PROMISES TO GIVE – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

ADVERTISING AND RECRUITMENT – Advertising costs are expensed when incurred. Total advertising costs are \$145,187 and \$95,978 for the years ended June 30, 2021 and 2020, respectively.

NOTE 2 – CONCENTRATION OF RISK:

The Organization maintains accounts at various local financial institutions. Balances in these accounts exceeded the amount covered by FDIC insurance policies at June 30, 2021 and 2020.

NOTE 3 – INVESTMENTS:

The Organization's investments, none of which are held for trading purposes, are comprised of marketable equity securities. The investments are recorded at fair value. The estimated fair value amount has been determined by the Organization using market valuation provided by the New York Stock Exchange market reports. The investment in equity securities was originally received from the demutualization of an insurance company by West Iowa Community Mental Health Center (WICMHC). Plains Area Mental Health, Inc. acquired WICMHC in fiscal year 2015. Cost of \$6,665 was recorded as fair value at the time of transfer from WICMHC to Plains Area Mental Health, Inc. during fiscal year ended June 30, 2018. Summary information about the investments at June 30, 2021 and 2020 are as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Equity Securities	<u>\$ 6,665</u>	<u>\$ 6,319</u>	<u>\$ 6,665</u>	<u>\$ 4,154</u>

NOTE 4 – LONG-TERM DEBT:

Long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
Note Payable dated April 14, 2020 for \$1,182,200 with an interest rate of 1.0%, is for Paycheck Protection Program and was uncollateralized. Note was forgiven on January 21, 2021.	\$ -	\$ 1,182,200

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Note Payable dated July 10, 2018 for \$60,000 with an interest rate of 5.25%, is collateralized by real estate located in Le Mars, Iowa and a security agreement. Principal and interest are payable in 60 monthly installments of \$1,137.75 beginning on July 15, 2018.	25,870	37,820
Note Payable dated January 15, 2018 for \$251,774 with an interest rate of 5.0%, is collateralized by real estate located in Le Mars, Iowa and a security agreement. Principal and interest are payable in 60 monthly installments of \$2,484 beginning on February 15, 2018 and then 72 monthly installments of \$2,435 beginning on February 15, 2023. After the first 60 payments, the interest rate will become variable based on the Index plus 2.50%.	187,771	207,642
Note Payable dated October 2, 2019 for \$38,625 with an interest rate of 0%, is for software start-up fees and is uncollateralized. Principal is payable in 60 monthly installments of \$644 beginning on January 31, 2020.	27,037	34,763
Note Payable dated April 28, 2020 for \$75,000 with an interest rate of 0%, is for software and is uncollateralized. Principal payments were payable in 36 monthly installments of \$2,083 beginning on April 30, 2020. Note was paid off early in July 2020.	-	68,750
	<u>\$ 240,678</u>	<u>\$ 1,531,175</u>
LESS – Current Portion	<u>(41,256)</u>	<u>(586,453)</u>
NET LONG-TERM DEBT	<u>\$ 199,422</u>	<u>\$ 944,722</u>

The following is a schedule, for each of the next five years and thereafter, of payments of debt service to be made concerning long term debt at June 30, 2021:

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2022	\$ 41,256
2023	42,913
2024	30,789
2025	28,125
2026	25,504
Thereafter	<u>72,091</u>
TOTAL PRINCIPAL PAYMENTS	<u>\$ 240,678</u>

NOTE 5 – RENTAL INCOME:

The Organization has a written operating lease on office space with an unrelated party. This 10-year lease ends on November 1, 2027 with an option to renew for two additional 10-year terms.

The Organization has a written operating lease on office space with an unrelated party. This 5-year lease ends on May 31, 2023. The lease shall continue in effect from month-to-month thereafter unless either party gives notice of termination.

The Organization had rental income of \$49,640 and \$49,083 for the years ended June 30, 2021 and 2020, respectively.

The following is a schedule by years of future minimum rental income under the leases at June 30, 2021:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2022	\$ 48,000
2023	46,000
2024	24,000
2025	24,000
2026	24,000
Thereafter	<u>32,000</u>
TOTAL MINIMUM RENTAL INCOME	<u>\$ 198,000</u>

NOTE 6 – LEASES:

Equipment Leases – The Organization rents multiple copiers for the various offices under noncancelable operating leases. The Organization rents two postage machines for the Le Mars and Cherokee offices under noncancelable operating leases. The

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
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JUNE 30, 2021 AND 2020

operating lease expense under noncancelable operating leases was \$24,994 and \$31,900 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments required under the equipment operating leases as of June 30, 2021 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2022	\$ 18,448
2023	17,805
2024	210
TOTAL MINIMUM LEASE PAYMENTS	\$ 36,463

Real Estate Leases – The Organization rents space for the Cherokee, Ida Grove, Orange City, Storm Lake, Carroll, Denison, Lake City, Spirit Lake, Emmetsburg and Rock Rapids offices under noncancelable operating leases. The operating lease expense under noncancelable real estate leases was \$228,548 and \$221,274 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments required under the real estate operating leases as of June 30, 2021 are as follows:

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2022	\$ 222,669
2023	218,652
2024	160,652
2025	125,052
2026	89,552
Thereafter	4,671
TOTAL MINIMUM LEASE PAYMENTS	\$ 821,248

The Organization has miscellaneous rents with terms of twelve months or less and may be renewed for additional short periods. These rents were \$101 and \$680 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 – ACCOUNTS PAYABLE – REGIONS:

The Organization operates a home for short-term services to de-escalate and stabilize mental health crises. Funding for the home is from the Regions. The Organization began charging for nightly stays during the fiscal year 2019. Amounts received are remitted to the Regions. The estimated balance due to the Regions at June 30, 2021 and 2020 is

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

\$54,575 and \$38,869, respectively. This is net of any estimated insurance adjustments to fees charged.

NOTE 8 – PENSION PLAN:

The Organization started a 401(k) plan for all employees who have completed three months of service effective January 1, 2015. The Organization will match 100% of contributions up to 5% of the employee's wages. Employees are fully vested after six years of service. Pension expense amounted to \$183,010 and \$130,084 for June 30, 2021 and 2020, respectively. At June 30, 2021 and 2020, the Organization reported payables to the 401(k) plan of \$2,488 and \$7,700, respectively.

NOTE 9 – RELATED PARTY TRANSACTIONS:

The Organization had \$15,960 and \$13,300 in expenses to an employee's family members for services during the years ended June 30, 2021 and 2020, respectively. Related party payables consisted of \$1,330 and \$1,330 at June 30, 2021 and 2020, respectively.

NOTE 10 – 28E AGREEMENT:

The Organization entered a provider and program participation agreement with Rolling Hills Community Services Region on July 16, 2014 under Chapter 28E of the Iowa Code. A supplemental agreement was signed in December 2015 stating all real property, improvements and furnishings were owned by Rolling Hills. The initial duration of this supplemental agreement was from July 1, 2015 through June 30, 2018. The agreement was renewed through June 30, 2021. It will automatically renew on a year-to-year basis. The agreement will be reviewed every three years. However, either party may terminate this agreement without cause upon ninety days' written notice to the other party.

NOTE 11 – RISK MANAGEMENT:

Plains Area Mental Health, Inc. is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Organization assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 12 – LIQUIDITY:

The Organization's working capital and cash flows vary throughout the year based on timing of services provided and collection of revenues. Cash on hand is typically enough to manage daily operations. Additionally, the Organization has access to a line of credit for additional liquidity.

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by the amounts not available for general use within one year of the statement date because of donor imposed restrictions or internal designations.

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End	\$ 3,061,395	\$ 2,731,072
Less Those Unavailable for General Expenditures Within One Year Due to:		
Donor Restriction	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,061,395</u>	<u>\$ 2,731,072</u>

NOTE 13 – PAYCHECK PROTECTION PROGRAM (PPP) NOTE PAYABLE:

In April 2020, the Organization applied for the Paycheck Protection Program (PPP) and received \$1,182,200. The program was in response to Covid-19 as provided by the Federal Government's CARES Act. This legislation was designed to support payroll expenses for an eight-week period. The note payable was uncollateralized and fully backed by the SBA, with funds coming from local institutions. In 2020 the Organization elected to account for the PPP loan as a financial liability in accordance with FASB ASC 470. The two-year loan was included as long-term debt. See note 4 above. Plains Area Mental Health, Inc. met all necessary program requirements, as such, the forgiveness application was submitted to Primebank in October 2020. The entire amount was forgiven on January 21, 2021, and was recorded as revenue in the current fiscal year.

NOTE 14 – CONSTRUCTION IN PROGRESS:

The Organization began remodeling the Spirit Lake office in the current fiscal year, with accumulated costs of \$46,235 at June 30, 2021. The Organization had contracted commitments of \$3,300 due upon completion of the project. The total estimated cost of the project is \$49,535.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 – COMMITMENTS:

The Organization signed a Letter of Intent with Credible, a new electronic health record program, which was contracted to go live March 16, 2020. Contract fees for software beginning March 16, 2020 are estimated at \$143,100 per year. This contract is for seven years with an annual 2.5% increase in fees beginning July 1, 2022. According to the contract, Credible is also providing billing services for approximately \$102,000 per year.

NOTE 16 – SUBSEQUENT EVENTS:

Plains Area Mental Health, Inc. received approval for their request to carry over more than \$700,000 of the Certified Community Behavioral Health Clinic (CCBHC) grant funds into year two of the grant cycle. The University of Iowa has been engaged to look at data and develop outcome reports for the CCBHC program beginning November 1, 2021.

In July 2021 the Organization received an additional \$1,000,000 of deposit insurance coverage at Primebank for no additional cost. The bond period ends May 15, 2022.

SUPPLEMENTAL INFORMATION

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
SCHEDULES OF FEES AND GRANTS FROM GOVERNMENTAL AGENCIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
COUNTY FUNDING BY REGION:		
Sioux Rivers Region	\$ 347,850	\$ 347,850
CARES ACT Funds from Sioux Rivers Region	3,362	-
Rolling Hills Region	1,652,840	1,464,066
CARES ACT Funds from Rolling Hills Region	121,187	-
TOTAL COUNTY FUNDING BY REGION	<u>\$ 2,125,239</u>	<u>\$ 1,811,916</u>
GRANTS:		
Federal:		
Community Mental Health Block Grant	\$ 115,509	\$ 97,635
Certified Community Behavioral Health Clinic (CCBHC)	1,499,157	52,914
Head Start and Early Head Start Program	10,227	7,621
FCC Grant for Laptops, iPads	85,580	-
USAC Internet Service Grant	6,802	-
State:		
COVID Funds from State	265,195	-
School Based Mental Health Program	20,000	20,000
Community Link Mentoring Program	13,500	16,500
Decat - SUD	6,324	-
Local:		
Storm Lake Community School	55,000	45,000
Storm Lake Community Chest	-	500
Plymouth County Grant Match	2,000	2,000
LeMars United Way	17,000	17,000
United Way Focus Grant	-	20,000
TOTAL GRANTS	<u>\$ 2,096,294</u>	<u>\$ 279,170</u>
TOTAL FEES AND GRANTS FROM GOVERNMENTAL AGENCIES	<u>\$ 4,221,533</u>	<u>\$ 2,091,086</u>

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

<u>PROGRAM NAME</u>	<u>CFDA #</u>	<u>PASS- THROUGH ENTITY IDENTIFYING #</u>	<u>PROGRAM EXPENDITURES</u>
Direct:			
<u><i>Department of Health and Human Services:</i></u>			
Certified Community Behavioral Health Clinic (CCBHC) Expansion Project	93.829	FY21	\$ 1,499,157
Head Start	93.600	FY21	10,227
Block Grant for Community Mental Health Services	93.958	FY21	115,509
Provider Relief Funds	93.498	FY21	<u>389,744</u>
TOTAL DHHS EXPENDITURES			<u>\$ 2,014,637</u>
<u><i>Federal Communications Commission:</i></u>			
COVID-19 - Telehealth Program	32.006	FY21	<u>\$ 85,580</u>
TOTAL FEDERAL PROGRAM EXPENDITURES			<u>\$ 2,100,217</u>

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Plains Area Mental Health, Inc. under programs of the federal Revigovernment for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in financial position or cash flows of the Organization.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – Plains Area Mental Health, Inc. has elected to use the 10% De Minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditors' report.

BURKHARDT & DAWSON

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of Plains Area Mental Health, Inc.

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Plains Area Mental Health, Inc., Le Mars, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, and have issued our report thereon dated November 16, 2021. Our report expressed unmodified opinions on the financial statements of each major fund.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plains Area Mental Health, Inc.'s internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Plains Area Mental Health, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Plains Area Mental Health, Inc.'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item A to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items B and C to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plains Area Mental Health, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. Comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Plains Area Mental Health, Inc.'s Responses to the Findings

Plains Area Mental Health, Inc.'s responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Plains Area Mental Health, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Plains Area Mental Health, Inc. during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURKHARDT & DAWSON, CPA's


Certified Public Accountants

Cherokee, Iowa
November 16, 2021

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of Plains Area Mental Health, Inc.

Report on Compliance for Each Major Federal Program

We have audited Plains Area Mental Health, Inc.'s compliance with types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of the auditors' results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Plains Area Mental Health, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Plains Area Mental Health, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Plains Area Mental Health, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditors' results section of the schedule of findings for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item III-A-21. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Plains Area Mental Health, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did identify a deficiencies in internal control over compliance, described in the accompanying Schedule of Findings as item III-A-21 that we do not consider to be material weakness. However, additional material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BURKHARDT & DAWSON, CPA's


Certified Public Accountants

Cherokee, Iowa
November 16, 2021

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2021

PART I: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weakness in internal control over the major program was noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which were required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was the Department of Health and Human Services:
 - CFDA Number 93.829 – Certified Community Behavioral Health Clinic (CCBHC) Expansion Project
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Plains Area Mental Health, Inc. did not qualify as a low-risk auditee.

PLAINS AREA MENTAL HEALTH, INC.
LE MARS, IOWA
SCHEDULE OF FINDINGS
JUNE 30, 2021

PART II: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

A. SEGREGATION OF DUTIES –

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Organization's financial statements.

Condition – Generally, the CFO of the Organization has control over all record-keeping and reconciling functions.

Cause – The Organization has a limited number of employees to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the Organization's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - The Organization should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including board members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – With the limited number of staff, the Center has segregated duties to the best of its ability. The Finance Committee does review check registers and bank balances at the regular scheduled Board Meetings.

Conclusion - Response accepted.

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B. USAC FUND REVENUE –

Criteria – Revenue should be monitored.

Condition – No monitoring of funds was noted.

Cause – Applications were made and commitment letters were received, but no monitoring of the receipts or credits was noted.

Effect – Full funding was not received and no monitoring of the coding or reasons for varied funding was noted.

Recommendation - The Organization should review its procedures for the USAC program funding to take full advantage of the program.

Response - A review was done by the CIO who applied for the funds. The CIO established a meeting with Spectra Corp, which manages and tracks USAC funds. Spectra Corp stated, if a company cancels with an internet provider, then original funds are decreased or if a company increases the internet service, the original funds calculated are increased. A contract with Spectra Corp to submit USAC requests and monitor funds received was signed on November 9, 2021.

Conclusion - Response accepted.

C. CASH IN BANK –

Criteria – Amounts should be covered by the FDIC Insurance policy.

Condition – Balances in bank accounts at Northwest Bank and Primebank exceed the amount covered by FDIC insurance policies.

Cause – The Organization has too much cash on deposit at Northwest Bank and Primebank.

Effect – Cash in the banks is not fully covered by the FDIC Insurance policies.

Recommendation - The Organization should review amounts held at each bank and attain additional insurance coverage and/or move cash to other financial institutions.

Response - Additional coverage was obtained from Primebank in the amount of \$1 million. Total coverage at Primebank is \$1,250,000. Funds are being moved out of Northwest Bank to American Bank. Board of Directors will review and sign Corporate Resolution at the November 2021 Board Meeting. \$200,000 will be transferred to American Bank which will resolve the issue.

Conclusion - Response accepted.

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PART III: FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

CFDA Number 93.829: Certified Community Behavioral Health Clinic (CCBHC)
Expansion Project
Federal Award Year: 2021
Prior Year Finding Number: NA
Department of Health and Human Services

III-A-21 REPORTING

Criteria - The Annual Federal Financial Report (FFR) is required to be prepared and submitted by the due date.

Condition - The Annual Federal Financial Report (FFR) was not submitted timely.

Cause – The CCBHC is a new grant program and the CFO missed filing by a reporting due date.

Effect – FFR annual report was late. The program representative contacted the CFO to complete and submit the report.

Recommendation - The Organization should review its due dates to ensure timely completion and submission of grant reports.

Response and Corrective Action Plan - All time lines are now listed in the CFO's calendar for reminders. The CFO also requested the Project Manager keep a time line and send out reminders as a backup.

Conclusion - Response accepted.

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PART IV: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

- A. **QUESTIONABLE DISBURSEMENTS** – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- B. **TRAVEL EXPENSES** – No disbursements of Organization money for travel expenses of Organization officials were noted.
- C. **ORGANIZATION MINUTES** – No transactions were found that we believe should have been approved in the Organization's minutes but were not.
- D. **DEPOSITS AND INVESTMENTS** – Two instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Organization's investment policy were noted.
- E. **RESTRICTED DONOR ACTIVITY** - No transactions were noted between the Region, Region officials, Region employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.